

UTAH MEDICAL PRODUCTS, INC.



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PRESS RELEASE

UTMD Reports Financial Results for Second Quarter 2001

July 17, 2001

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Salt Lake City, Utah - Driven by Company record profit margins and fewer outstanding shares, Utah Medical Products, Inc. (Nasdaq:UTMD) reports that Second Quarter (2Q) 2001 earnings per share (eps) increased 32% to 29¢, compared to 2Q 2000 eps of 22¢. Eps for the first six months (1H) of 2001 were 56¢ compared to 1H 2000 eps of 41¢, a 37% increase in year-to-date eps. UTMD concluded its fourteenth consecutive quarter of higher eps when compared to the same quarter in the prior year, during which time eps have grown at a compounded rate of 22% per year. Eps for the most recent four calendar quarters (LTM) were \$1.06.

UTMD achieved record gross profit margins of 57.7% and 57.5% for the 2Q and 1H 2001 periods, respectively. Gross margins for the same periods in 2000 were 55.7% and 55.4% respectively. UTMD achieved record operating profit margins of 34.6% and 34.2% for the 2Q and 1H 2001 periods, respectively. Operating margins for the same periods in 2000 were 30.6% and 29.4% respectively. Due primarily to lower selling expenses, operating income dollars increased 10% in 2Q 2001 compared with 2Q 2000, and increased 14% for 1H 2001 compared with 1H 2000, despite a 2% decline in sales relative to the prior year.

Earnings before interest and income tax expenses, and before non-cash depreciation/amortization expenses, (EBITDA), considered by some financial people as a measure of organic cash flow, were \$2,988,000 and \$5,849,000 in 2Q and 1H 2001, compared to \$2,814,000 and \$5,398,000 in 2Q and 1H 2000, respectively. LTM EBITDA were \$11,561,000. LTM EBITDA were 43% of sales, an exceptional operating performance. UTMD's bank debt balance as of June 30, 2001 was \$6,600,000, down from \$12,100,000 on September 30, 2000 following UTMD's 3Q 2000 tender offer repurchase of 1,119,000 of its shares at \$8.20 per share. Unless UTMD uses debt to finance another acquisition or additional share repurchases, the Company expects to be debt free by June 30, 2002.

UTMD notes that the recent FASB Statements 141 and 142 to be adopted as of January 1, 2002 will have a favorable impact on reported earnings as long as UTMD's underlying intangible assets are not impaired since UTMD used the purchase method of accounting for its acquisitions in 1997 and 1998, and has been amortizing the goodwill associated with those acquisitions against its reported income. Ignoring amortization of goodwill expensed in 1H 2001 would have resulted in reported eps of 60¢.

Other financial ratios as of June 30, 2001 which may be of interest to investors include UTMD's

- 1) Current Ratio = 3.4
- 2) Days in Receivables (based on 2Q sales activity) = 49.6
- 3) Average Inventory Turns (based on 2Q CGS) = 3.6

4) Year-to-Date ROE = 42%

Investors are cautioned that this press release contains forward looking statements and that actual results may differ from those projected. Risks factors that could cause results to differ materially from those projected include market acceptance of new and/or competitive products, timing of regulatory approval of new products, UTMD's ability to efficiently manufacture, market, and sell its products, among other factors that have been outlined in UTMD's public disclosure filings with the SEC. The 10-Q for the second quarter will be filed with the SEC by August 15, and will be available for direct access on the Internet for shareholders by linking through UTMD's website www.utahmed.com.

Utah Medical Products, Inc., with particular interest in healthcare for women and their babies, develops, manufactures, assembles and markets a broad range of disposable and reusable specialty medical devices designed for better health outcomes for patients and their care-providers.

Second Quarter ended June 30 (in thousands except earnings per share):

	<u>Percent Change</u>	<u>2Q 2001</u>	<u>2Q 2000</u>
Net Sales	(2.3)%	\$6,794	\$6,956
Gross Profit	+ 1.3%	3,921	3,873
Operating Income	+10.4%	2,351	2,128
Income Before Tax	+10.1%	2,379	2,162
Net Income	+7.1%	1,481	1,383
Earnings Per Share	+32.0%	.285	.216
Shares Outstanding (diluted)		5,195	6,402

Six Months ended June 30 (in thousands except earnings per share):

	<u>Percent Change</u>	<u>1H 2001</u>	<u>1H 2000</u>
Net Sales	(1.9)%	\$13,361	\$13,621
Gross Profit	+ 1.9%	7,684	7,544
Operating Income	+14.2%	4,575	4,007
Income Before Tax	+12.3%	4,579	4,078
Net Income	+10.1%	2,872	2,608
Earnings Per Share	+37.4%	.557	.405
Shares Outstanding (diluted)		5,155	6,436